

DOCKET SECTION

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BEFORE THE **FEB 19 11 56 AM '98**  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Docket No. R97-1

Postal Rate And Fee Changes, 1997

**CORRECTIONS OF ALLIANCE OF NONPROFIT MAILERS  
TO TESTIMONY OF WITNESS JOHN HALDI (ANM-T-1)  
(February 19, 1998)**

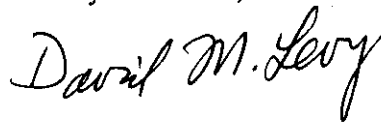
The Alliance of Nonprofit Mailers submits the following corrections to the prefiled testimony of its witness, John Haldi (ANM-T-1). These corrections will be reflected in the copies of ANM-T-1 moved into evidence during Dr. Haldi's oral appearance before the Commission on February 19, 1998.

The corrections on page 41 track revised Exhibit ANM-T-1 (filed and served February 10, 1998), and reflect the additional survey responses received after the filing of Dr. Haldi's testimony on December 30, 1997. The corrected sentence on page 46 previously appeared in ANM's answer to interrogatory USPS/ANM-T1-2, which ANM filed and served on February 5, 1998. Copies of the corrected pages are attached.

<i>PAGE</i>	<i>LINE</i>	<i>CORRECTION</i>
41	2	Change "49" to "108"
	4	Change "11" to "31"
	6	Change "20" to "49"
	8	Change "18" to "29"

	10	Change "18" to "29"
	11	Change "5" to "13"
46	12-13	Change "all the different modes of postal transportation: air, highway, rail and water." to "all the different modes of postal transportation except water; <i>i.e.</i> , air, highway and rail."

Respectfully submitted,



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1 results of that survey follow. Additional details are contained in Exhibit  
2 1 ANM-T-1. Of 108 responses received as of the date this testimony  
3 was prepared:

- 4 • 31 organizations paid commercial rates and used  
5 regular rate indicia.
- 6 • 49 organizations paid commercial rates and used  
7 nonprofit evidencing of postage.
- 8 • 29 organizations entered nonprofit mail at nonprofit  
9 rates and with nonprofit markings, but later were  
10 assessed regular rates. Of those 29 mailings, at  
11 least 13 organizations were certain that they filed a  
12 corrected USPS Form 3602-R.

13 The responses come from all major geographic areas of the  
14 United States, which indicates that the phenomenon of using nonprofit  
15 evidencing on Standard Mail (A) is indeed widespread.

16 **Estimate Volume and Inflation of Nonprofit Cost**  
17 **From Misidentifying Mail As Nonprofit**

18 The total volume of bulk mail for fiscal years 1980-1996 is  
19 reproduced in Table 14. From 1980 to 1992, the volume of nonprofit  
20 mail grew from 7,964 to 11,999 million pieces. This growth of 4,035  
21 million pieces represents a compound annual growth rate of  
22 approximately 3.5 percent over the 12-year period. Since 1992, the  
23 growth of nonprofit bulk mail has been almost stagnant, while

## 1       **How TRACS Works**

2               TRACS is a sampling system. Postage evidencing on mail pieces  
3       may be used to determine the subclass of mail. Consequently, TRACS  
4       suffers the same drawback as IOCS when nonprofit evidencing is used  
5       on mail entered at commercial rates. That is, whenever such mail is  
6       sampled, the nonprofit subclass will be tagged with the transportation  
7       costs, while the regular rate subclass is credited with the volume and  
8       revenues.

9               The purpose of TRACS is to develop a key for distributing  
10       volume variable transportation costs to the individual classes and  
11       subclasses of mail. TRACS is a sampling system, and it samples mail  
12       from all the different modes of postal transportation except water: *i.e.*,  
13       air, highway and rail. The vast majority of Nonprofit Standard Mail (A)  
14       is moved by surface transportation, the majority of which consists of  
15       highway services.

16              For highway transportation, TRACS samples mail as it is off-  
17       loaded from randomly selected trucks. At first blush, one might think  
18       that TRACS would distribute highway transportation costs according to:

- 19              •       the *actual amount of mail* off-loaded: and
- 20              •       the transportation service provided to whatever
- 21                      mail is found to have been off-loaded from the
- 22                      truck.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

David M. Levy

February 19, 1998